

Chailease Holding Company Limited

Rules Governing the Election of Directors

Confidential document

Adopted by AGM on Dec. 10, 2010

Amended by AGM on May 27, 2016

Article 1	To ensure a just, fair, and open election of directors, the Rules are adopted pursuant to Article 21 of the "Corporate Governance Best-Practice Principles" of the company.
Article 2	<p>Except as otherwise provided by law and regulation or by the company's articles of incorporation, elections of director shall be conducted in accordance with these rules.</p> <p>The directors provided in this rules means independent directors and non-independent directors.</p>
Article 3	<p>The overall composition of the board of directors shall be taken into consideration in the section of the company 's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none">1. Basic requirements and values: Gender, age, nationality, and culture.2. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:</p> <ol style="list-style-type: none">1. Ability to make operational judgment.2. Ability to perform accounting and financial analysis.3. Ability to conduct management administration.4. Ability to conduct crisis management.5. Industrial knowledge.6. International market perspective.7. Ability to lead.

	<p>8. Ability to make decisions.</p> <p>A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the company.</p>
<p>Article 4</p>	<p>The qualifications for the independent directors of the company shall comply with Article 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>The election of independent directors of the company shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and shall be conducted in accordance with Article 24 of the Corporation Governance Best-Practice Principles of the company.</p>
<p>Article 5</p>	<p>Election of directors at the company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The single open-ballot, cumulative voting system will be used for the election of directors of this company. The shareholder account number or attendance card number printed on the ballots may substitute for the names of voters. Each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. In addition, independent directors and non-independent directors shall be elected concurrently, while ballot counting and the seats to be elected shall be calculated separately.</p> <p>Where the number of non-independent directors falls below five due to the release or resignation of director(s) for any reason, the company shall hold a by-election for director at the next following shareholders meeting. Where the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 10 days of the occurrence of that fact for a by-election for director(s).</p> <p>When the number of independent directors falls below three due to the release or resignation of director(s) for any reason or less than one-fifth of the total number of directors, the company shall hold a by-election for director at the next following shareholders meeting.</p> <p>In the event that all the independent directors have been released or resigned, the company shall convene a special shareholders meeting to hold a by-election within 60 days.</p>

Article 6	<p>The number of independent directors and non-independent director shall be elected based on the seats stipulated in the Company’s Articles of Incorporation, among those capacities to make juridical acts in the shareholders’ meeting. With voting rights separately calculated for independent, non-independent directors seats, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective number of votes. When two or more candidates receive the same number of ballots, thus exceeding the specified seats, they shall draw lots to determine the winner. The Chairman shall draw lots on behalf of the candidate not in attendance.</p> <p>The board of directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.</p> <p>Any shareholder listed in the Shareholder Register of the company shall have the right to vote.</p>
Article 7	<p>Before the election begins, the chairman shall appoint a certain number of scrutineers and ballot counters with shareholder status to carry out relevant duties; provided that the appointed among the shareholders in attendance.</p>
Article 8	<p>The ballot box(s), prepared by the board of directors, shall be publicly opened and inspected by scrutineers prior to the casting of ballots.</p>
Article 9	<p>Ballots, numbered in light of the shareholder account number or attendance card number ,shall be prepared and issued by the board of directors with the number of voting rights specified thereon.</p>
Article 10	<p>In case a candidate is a shareholder, a voter shall fill in the candidate’s account name and shareholder account number in the “candidate” column of the ballot. For a non-shareholder candidate, a voter shall fill in the candidate’s name and ID card number. Save that a candidate is a governmental organization or a juristic-person shareholder, the name of the governmental organization or the juristic person, together with its representative shall be entered in the column for the candidate’s account name of the ballot. When there multiple representatives, the names of each individual representative shall be entered. Besides, the shareholder account number or the Unified Business Number of such juristic-person shareholder shall be provided as well.</p>
Article 11	<p>A ballot under any of the following circumstances shall be null and void:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the board of directors. 2. A blank ballot is cast in the ballot box. 3. The handwriting on a ballot is unclear and indecipherable or has been altered.

	<p>4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and ID number do not match.</p> <p>5. Except for the name of candidate (including the name of juristic-person and its representative), shareholder account number, Unified Business Number / ID Card Number, other words and marks are also written on a ballot.</p> <p>6. The name of a candidate filled in on a ballot is identical to that of another shareholder, but not shareholder account number, Unified Business Number / ID Card Number or attendance card number is provided in the ballot to identify such candidate.</p> <p>7. A ballot without the name of a candidate (including the name of juristic-person and its representative), shareholder account number or Unified Business Number / ID Card Number is presented.</p>
Article 12	<p>The ballots shall be counted right after the casting of ballots is completed. The chairman shall announce, or authorize the emcee to announce, the results on the spot, including list of persons elected as directors and the number of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p>
Article 13	<p>The board of directors shall issue a notification to each director elected. (The company adopts the candidate nomination system for the independent directors, when a director is nominated, he/she should provide the Consent Letter to act as an independent director at the same time.)</p>
Article 14	<p>The Rules shall be supplemented by the Company Act, Articles of Incorporation and other related regulations and customs.</p>
Article 15	<p>The Rules and any amendments hereto shall be implemented after being approved by shareholders' meeting.</p>